



FOR IMMEDIATE RELEASE

March 28, 2008

## **FACT SHEET**

### **MAYOR SANDERS SET TO SECURE \$103 MILLION IN FUNDING TO ADDRESS BACK LOG OF DEFERRED MAINTENANCE**

#### ***INTERIM PRIVATE FINANCING PART OF MAYOR'S PLAN TO ADDRESS REPAIRS FOR STREETS, STORM DRAINS AND CITY BUILDINGS***

Mayor Jerry Sanders is set to secure a \$103 Million package of interim private funding to help deal with the large backlog of deferred maintenance needs facing the City. The interim funding will continue the Mayor's commitment to addressing the long list of street repair, facilities and storm drain improvement projects that were either wholly neglected or under-funded by previous administrations.

This is the second private funding that the Mayor committed to bring forward before the City accesses the public markets. In February, the Mayor completed an agreement to add \$150 million in interim private funding for repairs to the water system.

#### **MAYOR CONTINUES TO ADD SIGNIFICANT FUNDING FOR DEFERRED MAINTENANCE**

Until Mayor Sanders took office, the City of San Diego's capital assets, including City facilities, streets, and storm drains had gone without adequate funding for many years. As a result, the condition of these assets had continued to decline with the backlog of required maintenance and repair work continuing to increase annually. Since taking office the Mayor has:

- Increased funding for deferred maintenance overall by more than 4,000%
- Increased funding for street and storm drain repairs by more than 3,000%
- Increased funding for repairing city facilities by more than 500% in the year alone

#### **FUNDING WILL CONTINUE TO INCREASE UNDER MAYOR'S PLAN**

The Mayor's Five-Year Financial Outlook for 2009-2013 anticipates that a total of \$781 million will be dedicated to maintenance and capital work (including financing costs) during this period.

Of this amount, \$447.5 million will be financed. This funding, including the current \$103 million arranged by the Mayor, will be applied to the backlog of projects in streets, storm drains, sidewalks and facilities.

The FY08 project list was provided to Council during the FY08 budget hearings. A portion of the private funding arranged by the Mayor will be used to fund some of the projects included in the FY 08 list. The complete FY09 project list is currently being finalized though a draft list of projects and their estimated costs has been developed as part of this interim financing effort. The City intends to refinance all the projects included under this private funding agreement once back in the public finance marketplace.

#### **ASSESSMENT OF DEFERRED MAINTENANCE NEEDS CONTINUES**

At the Mayor's direction, staff has been conducting a comprehensive evaluation of the condition of the City's assets in order to better estimate the total backlog of deferred maintenance needs. This evaluation process has been underway since 2006, and entails determining the deferred maintenance/capital needs for streets, facilities and storm drains. Funding for the assessment effort was included in the FY '07 and FY '08 budgets. Additional funding will be included in the FY 2009 budget, with completion of the entire condition assessment expected this calendar year.

#### **NEW FINANCING PLAN OFFERS CITY VERY LOW SHORT TERM INTEREST RATES**

The new interim funding is part of the 2008A Bond package begun with the water financing arranged by the Mayor last month. The interim funding will address the funding needs identified for the General Fund deferred maintenance capital improvement projects in Fiscal Years 2008 and 2009. The funding arranged by the Mayor includes the money needed to fund \$102.25 million in projects and the financing costs associated with this borrowing.

The proposed interim borrowing was initially planned as a 2-year short term note obligation with a 2-year lease financing structure. Based on further legal analysis, the 2-year lease option was converted to a 10-year lease in order to conform to the outstanding legal precedent in structuring lease revenue obligations.

The Mayor intends to refund this interim borrowing in two years(2010) with a 30-year traditional public offering. Therefore, instead of fixing an interest rate for the full 10-year borrowing term which would be higher than for a borrowing term for 2-years, a more cost effective two-tier pricing was structured. The Mayor has been able to obtain a lower fixed interest rate, estimated currently at 3.46% for the first two year period.

**PROJECTS TO BE COMPLETED WITH NEW INTERIM PRIVATE FINANCING**

FY08-09 Financed Deferred Maintenance Projects	Total Project Estimates	
	FY 2008	FY 2009
<b>STREETS AND STORM DRAINS</b>	<b>\$24,750,000</b>	<b>\$52,500,000</b>
<b>Street Projects</b>	<b>\$18,500,000</b>	<b>\$35,000,000</b>
Street Resurfacing - 30.8 miles	\$18,500,000	
Street Resurfacing - 46.0 miles		\$27,500,000
Concrete Street Projects		\$7,500,000
<b>Sidewalk/Concrete Projects</b>	<b>\$2,050,000</b>	<b>\$7,500,000</b>
Sidewalk Repair Projects - 1,016 locations	\$2,050,000	
Sidewalk Repair Projects - 1,300 locations		\$7,500,000
<b>Storm Drain Projects</b>	<b>\$4,200,000</b>	<b>\$10,000,000</b>
Rowena 54" CMP Replacement	\$600,000	
6th Avenue 12" CMP Replacement	\$475,000	
Ransom/Darwin 42" CMP Replacement	\$700,000	
La Playa 30" RCP Outfall	\$450,000	
Campus Point 18" CMP Replacement	\$800,000	
Glen Curtis Surface Drain	\$825,000	
Ingulf Place 36" CMP Replacement	\$350,000	
Torrey Pines Road Slope		\$950,000
Riviera (3663)		\$150,000
Scripps Storm Drain		\$50,000
Via Rialto		\$400,000
Mission Bay Interceptor System		\$1,400,000
Fontaine		\$750,000
Wenrich		\$400,000
Boat Depot		\$500,000
Alvarado Creek/Fairmont		\$500,000
Carmel Country Road		\$250,000
Via Alicante		\$200,000
Beardsley Street		\$600,000
National Ave		\$600,000
Avocado Place		\$500,000
Neptune		\$400,000
Garnet Ave (2550)		\$200,000
Arcadia Dr.		\$600,000
Arista St		\$400,000
Talbot St		\$500,000
La Cresta Dr		\$400,000
Arden Way		\$250,000

<b>FACILITIES</b>	<b>\$0</b>	<b>\$25,000,000</b>
<b>Roofing Projects</b>		<b>\$3,925,000</b>
Fire Station 17 (Chamoun Ave)		\$200,000
Fire Station 09 (La Jolla)		\$150,000
Fire Station 38 (Mira Mesa)		\$150,000
Northeastern Police Station		\$150,000
Mid City Police Station		\$150,000
Southeastern Police Station		\$150,000
Western Police Station		\$150,000
Eastern Police Station		\$150,000
Southern Police Station		\$150,000
Traffic Division		\$100,000
Ocean Beach Library		\$150,000
Mission Hills Library		\$75,000
Casa Del Prado		\$1,500,000
SD Municipal Gym		\$300,000
North Clairemont Rec Center		\$250,000
La Jolla Senior Center		\$75,000
Mt. Hope Cemetary		\$75,000
<b>Public Safety Facilities</b>		<b>\$8,600,000</b>
FS 5, Hillcrest - Design		\$750,000
Children's Pool LG Tower - Design & Construction		\$2,800,000
La Jolla Shores LG Tower - Construction		\$3,800,000
FS 22, Point Loma - Design		\$100,000
FS 17, City Heights - Design		\$750,000
Police Range Refurbishment - Design		\$400,000
<b>Parking Lot Resurfacing (Overlay)</b>		<b>\$4,530,000</b>
Fire Station 27 (Clairmont Drive)		\$30,000
Fire Station 32 (Paradise Hills)		\$50,000
Various Recreation Centers		\$100,000
Various Senior Centers		\$300,000
Western Police Station		\$50,000
Balboa Park Parking Lots		\$2,500,000
Mission Bay Parking Lots		\$1,500,000
<b>HVAC Projects</b>		<b>\$3,250,000</b>
Police Mid-City Communications Center		\$200,000
North Park Library		\$250,000
Casa del Prado		\$150,000
Museum of Man		\$300,000
Pacific Beach Library		\$550,000
Casa de Balboa		\$1,300,000
Fire Communications Center		\$500,000
<b>Plumbing Projects</b>		<b>\$1,360,000</b>
Police Headquarters		\$200,000
Spanish Village		\$660,000
Fire Station 25 (Bay Park)		\$75,000

Fire Station 36 (Clairemont)		\$75,000
Main Library		\$350,000
<b>Electrical Projects</b>		<b>\$950,000</b>
Fire Station 24 (Carmel Valley)		\$25,000
Lifeguard Headquarters		\$75,000
Police Headquarters		\$650,000
Southeastern Police Station		\$200,000
<b>Elevator Modernization Projects</b>		<b>\$1,385,000</b>
Casa de Balboa		\$100,000
Casa Del Prado		\$100,000
Old Globe Theater		\$100,000
Main Library		\$560,000
City Concourse		\$200,000
San Diego Aerospace Museum		\$100,000
Museum of Art		\$50,000
Museum of Man		\$25,000
Tierasanta Recreation Center		\$25,000
Rancho Bernardo Library		\$25,000
Development Review Center		\$100,000
<b>Windows / Doors</b>		<b>\$1,000,000</b>
Police Headquarters (reseal windows)		\$750,000
Police Headquarters (replace front doors)		\$100,000
Lifeguard Headquarters (replace garage doors)		\$100,000
Fire Station 16 La Jolla (apparatus door)		\$50,000
<b>TOTAL</b>	<b>\$24,750,000</b>	<b>\$77,500,000</b>